

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814



July 10, 1995

ALL-COUNTY LETTER NO. 95-32

TO: COUNTY WELFARE DIRECTORS
COUNTY GAIN COORDINATORS
COUNTY CAL-LEARN COORDINATORS
COUNTY NET COORDINATORS
COUNTY SCC COORDINATORS
COUNTY CAAP COORDINATORS

Reason for this Transmittal

- ☐ State Law Change
- ☒ Federal Law or Regulation Change
- ☐ Court Order
- ☐ Clarification Requested by One or More Counties
- ☐ Initiated by CDSS

SUBJECT: CHILD CARE POLICY CONCERNING REGISTRATION FEES

REFERENCE: ALL-COUNTY LETTER (ACL) NO. 92-82

This letter transmits revised policy and forms regarding the payment of child care registration fees in the following programs:

Greater Avenues For Independence (GAIN) Child Care
Cal-Learn Child Care
Non-GAIN Education & Training (NET)
Supplemental Child Care (SCC)
California Alternative Assistance Program (CAAP)

A registration fee process was originally developed for the GAIN Child Care Program and released in All-County Letter (ACL) No. 92-82 dated September 18, 1992. The GAIN and Cal-Learn child care programs, which reimburse child care up to the 1.5 standard deviation above the mean level of the Regional Market Rate (RMR) ceilings, require a registration fee process that includes determinations of whether the fee is 1) an allowable child care expense and 2) eligible for federal reimbursement. However, since the NET, SCC, and CAAP programs reimburse child care only up to the 75th percentile level of the RMR ceilings, a secondary registration fee process has been developed to determine whether the fee is an allowable child care expense in these programs.

Furthermore, policy clarification was received from the Department of Health & Human Services (DHHS) which required additional revisions to the process. Former policy, as issued on ACL No. 92-82, stated that when any portion of the registration fee exceeds the RMR, the entire fee was ineligible for payment. However, with clarification from DHHS, policy is now modified to allow counties to consider whatever portion of the registration fee that does not exceed the 75th percentile RMR to be eligible for payment in all of the Title IV-A child care programs.

Enclosed, therefore, is the revised process for determining whether registration fees, which are defined as service, application and/or registration fees charged by licensed child care providers, are an allowable child care expense in the above listed programs.

Enclosure I includes the instructions and the GAIN 62 worksheet for use in the GAIN and Cal-Learn programs which reimburse at the 1.5 RMR ceiling level.

Enclosure II includes the instructions and the SCC 12 worksheet for use in the NET, SCC and CAAP programs which reimburse at the 75th percentile RMR ceiling level.

If you have any questions regarding this letter, contact Ms. Jan DeSilva in Child Care Programs at (916) 654-1768.

A handwritten signature in cursive script, reading "Bruce Wagstaff".

BRUCE WAGSTAFF
Acting Deputy Director
Welfare Programs Division

Enclosures

ENCLOSURE I

REGISTRATION FEE PROCESS INSTRUCTIONS
FOR PROGRAMS USING THE 1.5 RMR CEILINGS (GAIN 62)

THE FOLLOWING INSTRUCTIONS ARE FOR THE COMPLETION OF THE REGISTRATION FEE WORKSHEET FOR 1.5 REGIONAL MARKET RATE (RMR) CEILING LEVEL (GAIN 62) USED TO DETERMINE IF A REGISTRATION FEE CHARGED BY A LICENSED CHILD CARE PROVIDER IS AN ALLOWABLE CHILD CARE EXPENSE AND FEDERALLY ELIGIBLE FOR REIMBURSEMENT.

INITIAL PROCESS:

ANNOTATE THE FOLLOWING INFORMATION AND THE CHILD'S NAME AND/OR CASE NUMBER:

- (A) TYPE OF CARE
- (B) AGE GROUP OF CHILD
- (C) STATUS OF CARE
- (D) METHOD OF PAYMENT
- (E) 1.5 RMR CEILING LEVEL
- (F) 75th PERCENTILE RMR CEILING LEVEL
- (G) ACTUAL CHILD CARE COST
- (H) REGISTRATION FEE AMOUNT
- (I) NUMBER OF MONTHS THE FEE WILL COVER

NOTE: IF (G) IS LESS THAN (E), GO TO PART I TO DETERMINE IF THE REGISTRATION FEE IS AN ALLOWABLE CHILD CARE EXPENSE.

IF (G) IS EQUAL TO OR GREATER THAN (E), STOP PROCESS.
REGISTRATION FEE IS NOT AN ALLOWABLE CHILD CARE EXPENSE.

PART I: IS THE REGISTRATION FEE WITHIN THE REGIONAL MARKET RATE?

STEP 1): DETERMINE THE MONTHLY PRORATED REGISTRATION FEE AMOUNT (J), BY DIVIDING (H) BY (I).

FOR EXAMPLE: A \$100 annual registration fee (H) would be divided by 12 months, giving a monthly prorated amount (J) of \$8.33; a \$100 semi-annual registration fee (H) would be divided by 6 months, giving a monthly prorated amount (J) of \$16.67.

STEP 2): DETERMINE IF (J) NEEDS TO BE CONVERTED TO A WEEKLY, DAILY OR HOURLY LEVEL.

A. IF (D) IS MONTHLY, PROCEED TO STEP 3.

B. IF (D) IS WEEKLY, DIVIDE (J) BY 4.33 WEEKS, CREATING A WEEKLY PRORATED REGISTRATION FEE AMOUNT (K). PROCEED TO STEP 3.

FOR EXAMPLE: An \$8.33 monthly prorated amount (J) would be divided by 4.33 weeks, giving a weekly prorated amount (K) of \$1.92.

IF (D) IS DAILY OR HOURLY, PROCEED TO C. AND D. RESPECTIVELY, USING THE WEEKLY PRORATED REGISTRATION FEE AMOUNT (K).

- C. IF (D) IS DAILY, DIVIDE THE WEEKLY PRORATED REGISTRATION FEE AMOUNT (K) BY 5 DAYS, CREATING A DAILY PRORATED REGISTRATION FEE AMOUNT (L). PROCEED TO STEP 3.

FOR EXAMPLE: A \$1.92 weekly prorated amount (K) would be divided by 5 days, giving a daily prorated amount (L) of \$.39.

- D. IF (D) IS HOURLY, DIVIDE THE WEEKLY PRORATED REGISTRATION FEE AMOUNT (K) BY 45 HOURS (if status of care (C) is full-time) OR BY 34 HOURS (if status of care (C) is part-time), CREATING AN HOURLY PRORATED REGISTRATION FEE AMOUNT (M). PROCEED TO STEP 3.

FOR EXAMPLE: A \$1.92 weekly prorated amount (K) would be divided by 45 hours (full-time), giving an hourly prorated amount (M) of \$.04, or \$.06 if divided by 34 hours (part-time).

STEP 3): ADD THE PRORATED REGISTRATION FEE AMOUNT (J,K,L, OR M) TO (G), THE SUM WILL BE THE ADJUSTED CHILD CARE PAYMENT AMOUNT (N).

FOR EXAMPLE:

If the provider charges on a monthly basis, add (J) to (G); the sum will be (N).

If the provider charges on a weekly basis, add (K) to (G); the sum will be (N).

If the provider charges on a daily basis, add (L) to (G); the sum will be (N).

If the provider charges on an hourly basis, add (M) to (G); the sum will be (N).

STEP 4): COMPARE THE ADJUSTED CHILD CARE PAYMENT AMOUNT (N) TO (E) AND CONDUCT TEST.

PART II: DETERMINE WHAT PORTION OF THE REGISTRATION FEE IS
ELIGIBLE FOR FEDERAL REIMBURSEMENT.

STEP 1): COMPARE (G) TO (F) AND CONDUCT TEST.

STEP 2): SUBTRACT (G) FROM (F), CREATING AN AMOUNT WHICH IS ELIGIBLE FOR FEDERAL REIMBURSEMENT (P). BASED ON (D), THIS AMOUNT IS EITHER A MONTHLY, WEEKLY, DAILY OR HOURLY AMOUNT.

FOR EXAMPLE:

If (D) is monthly: \$300 (75th) - \$295 (Actual) = \$ 5 (P)
per month to go toward REG.FEE

If (D) is weekly : \$150 (75th) - \$ 75 (Actual) = \$75 (P)
per week to go toward REG.FEE

If (D) is daily : \$ 30 (75th) - \$ 29 (Actual) = \$ 1 (P)
per day to go toward REG.FEE

If (D) is hourly : \$3.00 (75th) - \$2.95 (Actual) = \$.05
(P) per hour to go toward REG.FEE

STEP 3): COMPARE (P) TO THE PRORATED REGISTRATION FEE AMOUNT (J,K,L OR M) FROM PART I, STEP 2 AND CONDUCT TEST.

STEP 4): DETERMINE THE FEDERALLY ELIGIBLE AMOUNT (Q).

- A. IF (D) IS MONTHLY: MULTIPLY (P) BY (I), CREATING (Q).
- B. IF (D) IS WEEKLY : MULTIPLY (P) BY 4.33 WEEKS, CREATING A MONTHLY AMOUNT. MULTIPLY THE MONTHLY AMOUNT BY (I), CREATING (Q).
- C. IF (D) IS DAILY : MULTIPLY (P) BY 5 DAYS, CREATING A WEEKLY AMOUNT. MULTIPLY THE WEEKLY AMOUNT BY 4.33 WEEKS CREATING A MONTHLY AMOUNT. MULTIPLY THE MONTHLY AMOUNT BY (I), CREATING (Q).
- D. IF (D) IS HOURLY : MULTIPLY (P) BY 45 HOURS FOR FULL-TIME CARE OR 34 HOURS FOR PART-TIME CARE, CREATING A WEEKLY AMOUNT. MULTIPLY THE WEEKLY AMOUNT BY 4.33 WEEKS CREATING A MONTHLY AMOUNT. MULTIPLY THE MONTHLY AMOUNT BY (I), CREATING (Q).

STEP 5): COMPARE (Q) TO (H) AND CONDUCT TEST.

STEP 6): SUBTRACT THE TOTAL AMOUNT (Q) FROM THE REGISTRATION FEE (H), THE REMAINDER IS THE STATE/COUNTY SHARE OF THE REG.FEE.

REGISTRATION FEE WORKSHEET FOR 1.5 REGIONAL MARKET RATE (RMR) CEILING LEVEL

Child's Name

Case #

(Check appropriate items A - D)

- (A) TYPE OF CARE: ☐ center based ☐ family day care (exclude exempt care)
- (B) AGE GROUP OF CHILD: ☐ under 2 yrs ☐ 2 - 5 yrs ☐ 6+ yrs
- (C) STATUS OF CARE: ☐ part-time ☐ full-time
- (D) METHOD OF PAYMENT: ☐ hourly ☐ daily ☐ weekly ☐ monthly

(Fill-in E - I)

- (E) 1.5 RMR CEILING LEVEL: _____ (E)
- (F) 75th PERCENTILE RMR CEILING LEVEL: _____ (F)
- (G) ACTUAL CHILD CARE COST: _____ (G)
- (H) REGISTRATION FEE AMOUNT: _____ (H)
- (I) NUMBER OF MONTHS THE FEE WILL COVER: _____ (I)

PART I: DETERMINING WHETHER THE REGISTRATION FEE IS WITHIN THE 1.5 (RMR)

STEP 1: _____ (H) / _____ (I) = _____ (J)

STEP 2:

- A. If (D) = monthly, go to Step 3.
- B. If (D) = weekly, _____ (J) / 4.33 = _____ (K)
- C. If (D) = daily, _____ (K) / 5 = _____ (L)
- D. If (D) = hourly, _____ (K) / 45 (F/T) = _____ (M)
or 34 (P/T)

STEP 3: _____ (G) + _____ (J, K, L or M) = _____ (N)

STEP 4:

IF (N) IS EQUAL TO OR LESS THAN (E) the registration fee is within 1.5 RMR ceiling level and is an allowable child care expense. GO TO PART II.

IF (G) AND (N) ARE MORE THAN (E), the registration fee is not within the RMR ceiling level and is not an allowable child care expense.

IF (N) IS MORE THAN (E) BUT (G) IS LESS THAN (E), the part of the registration fee which is the difference between (G) AND (E) is an allowable Child Care Expense. GO TO PART II.

PART II: DETERMINING THE FEDERAL SHARE OF THE REGISTRATION FEE

STEP 1: IS G (actual child care cost) GREATER THAN OR EQUAL TO F (75th percentile RMR ceiling level)?

IF YES, STOP PROCESS. Registration fee is all state/county dollars only.

IF NO, PROCEED TO STEP 2 to determine the federal share of the registration fee.

STEP 2: _____ (F) - _____ (G) = _____ (P)
(amount to go toward reg. fee per hour, day, week or month.)

STEP 3: IS P GREATER THAN OR EQUAL TO (J,K,L OR M)?

IF YES. STOP PROCESS, the entire registration fee is
federally eligible for reimbursement.IF NO. PROCEED TO STEP 4 to determine the amount to go
towards the registration fee which would be eligible for
federal reimbursement.

STEP 4:

- A. IF D = MONTHLY, _____ (P) x _____ (I) = _____ (Q)
(total amount federally eligible)
- B. IF D = WEEKLY _____ (P) x 4.33 x _____ (I) = _____ (Q)
- C. IF D = DAILY, (P) x 5 (days) x 4.33 x _____ (I) = _____ (Q)
- D. IF D = HOURLY, _____ (P) x $\frac{45 \text{ (FT)}}{\text{or } 34 \text{ (PT)}}$ x 4.33 x _____ (I) = _____ (Q)

STEP 5: IS Q GREATER THAN OR EQUAL TO H (REG. FEE)?

IF YES. STOP PROCESS. Reg Fee is federally eligible.

IF NO. PROCEED TO STEP 6 to determine State/county share of fee.

STEP 6:

$$\begin{array}{rcl}
 & \text{_____ (H) (REG. FEE)} & \\
 - & \text{_____ (Q) (TOTAL AMOUNT)} & \\
 = & \text{_____ (R) (STATE/COUNTY SHARE)} &
 \end{array}$$

ENCLOSURE II

REGISTRATION FEE PROCESS INSTRUCTIONS
FOR PROGRAMS USING THE 75TH PERCENTILE RMR CEILINGS
(SCC 12)

THE FOLLOWING INSTRUCTIONS ARE FOR THE COMPLETION OF THE REGISTRATION FEE WORKSHEET FOR 75TH PERCENTILE REGIONAL MARKET RATE (RMR) CEILING LEVEL (SCC 12) USED TO DETERMINE IF A REGISTRATION FEE CHARGED BY A LICENSED CHILD CARE PROVIDER IS AN ALLOWABLE CHILD CARE EXPENSE AND FEDERALLY ELIGIBLE FOR REIMBURSEMENT.

INITIAL PROCESS:

ANNOTATE THE FOLLOWING INFORMATION AND THE CHILD'S NAME AND/OR CASE NUMBER:

- (A) TYPE OF CARE
- (B) AGE GROUP OF CHILD
- (C) STATUS OF CARE
- (D) METHOD OF PAYMENT
- (E) 75th PERCENTILE RMR CEILING LEVEL
- (F) ACTUAL CHILD CARE COST
- (G) REGISTRATION FEE AMOUNT
- (H) NUMBER OF MONTHS THE FEE WILL COVER

PART I: DETERMINING WHETHER THE REGISTRATION FEE IS WITHIN THE 75TH PERCENTILE RMR

STEP 1: IF (F) IS GREATER THAN OR EQUAL TO (E), STOP PROCESS.
REGISTRATION FEE IS NOT AN ALLOWABLE CHILD CARE EXPENSE.

STEP 2): DETERMINE THE MONTHLY PRORATED REGISTRATION FEE AMOUNT (I), BY DIVIDING (G) BY (H).

FOR EXAMPLE: A \$100 annual registration fee (G) would be divided by 12 months, giving a monthly prorated amount (I) of \$8.33; a \$100 semi-annual registration fee (G) would be divided by 6 months, giving a monthly prorated amount (I) of \$16.67.

STEP 3): DETERMINE IF (I) NEEDS TO BE CONVERTED TO A WEEKLY, DAILY OR HOURLY LEVEL.

- A. IF (D) IS MONTHLY, PROCEED TO STEP 4.
- B. IF (D) IS WEEKLY, DIVIDE (I) BY 4.33 WEEKS, CREATING A WEEKLY PRORATED REGISTRATION FEE AMOUNT (J). PROCEED TO STEP 4.

FOR EXAMPLE: An \$8.33 monthly prorated amount (I) would be divided by 4.33 weeks, giving a weekly prorated amount (J) of \$1.92.

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- C. IF (D) IS DAILY, DIVIDE THE WEEKLY PRORATED REGISTRATION FEE AMOUNT (J) BY 5 DAYS, CREATING A DAILY PRORATED REGISTRATION FEE AMOUNT (K). PROCEED TO STEP 4.

FOR EXAMPLE: A \$1.92 weekly prorated amount (J) would be divided by 5 days, giving a daily prorated amount (K) of \$.39.

- D. IF (D) IS HOURLY, DIVIDE THE WEEKLY PRORATED REGISTRATION FEE AMOUNT (J) BY 45 HOURS (if status of care (C) is full-time) OR BY 34 HOURS (if status of care (C) is part-time), CREATING AN HOURLY PRORATED REGISTRATION FEE AMOUNT (L). PROCEED TO STEP 4.

FOR EXAMPLE: A \$1.92 weekly prorated amount (J) would be divided by 45 hours (full-time), giving an hourly prorated amount (L) of \$.04, or \$.06 if divided by 34 hours (part-time).

STEP 4): ADD THE PRORATED REGISTRATION FEE AMOUNT (I, J, K, OR L, [results from Step 3 only]) TO (F), THE SUM WILL BE THE ADJUSTED CHILD CARE PAYMENT AMOUNT (M).

FOR EXAMPLE:

If the provider charges on a monthly basis, add (I) to (F).

If the provider charges on a weekly basis, add (J) to (F).

If the provider charges on a daily basis, add (K) to (F).

If the provider charges on an hourly basis, add (L) to (F).

STEP 5): COMPARE THE ADJUSTED CHILD CARE PAYMENT AMOUNT (M) TO (E) AND CONDUCT TEST.

REGISTRATION FEE WORKSHEET FOR 75TH PERCENTILE REGIONAL MARKET RATE (RMR) CEILING LEVEL

(Circle appropriate items A - D)

Child's Name _____

Case #

- A) TYPE OF CARE: ☐ center based ☐ family day care (exclude exempt care)
- (B) AGE GROUP OF CHILD: ☐ under 2 yrs ☐ 2 - 5 yrs ☐ 6+ yrs
- (C) STATUS OF CARE: ☐ part-time ☐ full-time
- (D) METHOD OF PAYMENT: ☐ hourly ☐ daily ☐ weekly ☐ monthly

(Fill-in E - H)

(E) 75th PERCENTILE RMR CEILING LEVEL: _____ (E)

(F) ACTUAL CHILD CARE COST: _____ (F)

(G) REGISTRATION FEE AMOUNT: _____ (G)

(H) NUMBER OF MONTHS THE FEE WILL COVER: _____ (H)

PART I: DETERMINING WHETHER THE REGISTRATION FEE IS WITHIN THE 75TH PERCENTILE RMR

STEP 1): Is (F) GREATER THAN or EQUAL TO (E)?

IF YES, STOP PROCESS. THE REGISTRATION FEE IS NOT AN ALLOWABLE CHILD CARE EXPENSE.

IF NO, PROCEED TO STEP 2.

STEP 2): _____ (G) / _____ (H) = _____ (I)

STEP 3):

- A. If (D) = monthly, go to Step 4.
- B. If (D) = weekly, _____ (I) / 4.33 = _____ (J)
- C. If (D) = daily, _____ (J) / 5 = _____ (K)
- D. If (D) = hourly, _____ (J) / 45 (F/T)
or 34 (P/T) = _____ (L)

STEP 4): _____ (F) + _____ (I, J, K or L) = _____ (M)

STEP 5): _____ (M) (adj. child care payment amount)

_____ (E) (75th percentile RMR ceiling level)

IF (M) IS EQUAL TO OR LESS THAN (E), the registration fee is within the 75th percentile RMR ceiling level, is an allowable child care expense, and is federally eligible for reimbursement.

IF (M) IS MORE THAN (E) BUT (F) IS LESS THAN (E), the portion of the registration fee which is the difference between (M) AND (E) is an allowable child care expense and is federally eligible for reimbursement.